

**COASTAL CAROLINA UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
CONWAY, SOUTH CAROLINA**

**Independent Accountants' Report On
Applying Agreed-Upon Procedures
June 30, 2011**

COASTAL CAROLINA UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
For the Year Ended June 30, 2011

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Independent Accountants' Report On
Applying Agreed-Upon Procedures

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President
Coastal Carolina University
P.O. Box 261954
Conway, South Carolina 29528-6059

We have audited the financial statements of Coastal Carolina University as of and for the year ended June 30, 2011, and have issued our unqualified report thereon under date of January 4, 2012. At your request, we have also performed the procedures described below which were agreed to by the Board of Trustees and management of Coastal Carolina University, solely to assist these users in evaluating the performance of the University's Intercollegiate Athletics Program and to assist the University in complying with NCAA Bylaw 6.2.3.1 for the fiscal year ended June 30, 2011. The Statement of Revenue and Expenditure of Coastal Carolina University Intercollegiate Athletics Program and related note disclosures presented in attachment A was not audited or reviewed by us. We were not engaged to, and did not, perform an audit or a review, the objectives of which would be the expression of an opinion or limited assurance on the performance of the University's Intercollegiate Athletics Program or the compliance with the NCAA Bylaw 6.2.3.1 for the fiscal year ended June 30, 2011. Accordingly, we do not express such an opinion or limited assurance. Management is responsible for Coastal Carolina University's compliance with the requirements of NCAA Bylaw 6.2.3.1, the Intercollegiate Athletics Program's financial records, internal controls and compliance with applicable laws, rules and regulations. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we made no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Procedures Related to the Statement of Revenues and Expenditures

1. We obtained the Statement of Revenues and Expenditures of Coastal Carolina University Intercollegiate Athletics Program and related note disclosures for the year ended June 30, 2011, as prepared by accounting management of the University and shown on page 8 in this report. We recalculated the addition of the amounts on the statement, traced the individual line item amounts from the Statement of Revenues and Expenditures to management's worksheets and compared the amounts on management's worksheets to the 10 and 15 fund accounts in the University's general ledger.

We found no exceptions as a result of this procedure.

2. We obtained from accounting management a list of all outside organizations that have as their principal purpose or one of their principal purposes the generating of resources for or on behalf of the University's Intercollegiate Athletics Program or the promotion of the Program. We then confirmed the amounts received from these outside organizations directly with the responsible officials of these organizations. We compared the amount per the confirmation with the amount recorded in the Athletic Department's general ledger and on the Statement of Revenues and Expenditures.

We read the audited financial statements for the Coastal Carolina Chanticleer Club and compared the contribution total to the balance shown on management's Intercollegiate Athletics Program Statement of Revenues and Expenditures report.

We found no exceptions as a result of this procedure.

3. We scanned the Intercollegiate Athletics Program contributions revenue account detail to identify each individual contribution received directly that constitutes more than ten percent of all contributions received for intercollegiate athletics. For these recorded receipts, we obtained and read correspondence from the donor to determine the receipts were classified in accordance with NCAA guidelines, to identify those received from independent outside sources and to determine that the source and value of each such contribution is disclosed in a footnote to the statement.

We found that the contributions described in Note 1 Attachment A to be the only individual contributions in excess of ten percent of all contributions and we found no exceptions as a result of this procedure.

4. We asked accounting management to describe the basis for allocating student athletic fees to athletics and obtained from management the reconciliation of total student fees revenue. We obtained the University's general ledger detail from management and compared the total with the amount of Student Activity Fee revenue recorded in the general ledger and on the Statement of Revenues and Expenditures.

We found no exceptions as a result of this procedure.

5. We obtained all daily cash receipts reports for the Intercollegiate Athletics Program prepared by various program representatives. We then selected a sample and recalculated the reports, compared the amount on the department deposit receipt with the amount on the cashiers' office deposit transmittal, and compared the amount recorded on the cashiers' office deposit transmittal to the amount recorded in the University's general ledger accounts for the Intercollegiate Athletics Program. We obtained from accounting management the general ledger activity for all cash receipts related to intercollegiate athletics. We selected a sample of individual receipts and compared the recorded cash receipt amount to the amount on the cashiers' office deposit transmittal reports prepared by the athletic department and submitted along with the cash to the cashiers' office. The sample of the individual receipts selected for comparison is as follows:

<u>Receipt</u>	<u>Date</u>	<u>Amount</u>
C000382557	8/4/2010	187.00
C000388870	8/30/2010	4,910.00
C000392146	9/15/2010	13,835.00
C000394596	10/5/2010	3,166.00
C000396118	10/25/2010	1,649.00
C000398850	11/17/2010	20.00
C000400094	12/6/2010	600.00
C000401349	12/16/2010	256.00
C000408611	1/18/2011	369.42
C000416515	3/1/2011	5,922.00
C000421140	3/30/2011	5.05
C000424993	4/21/2011	150.00
C000429751	5/23/2011	7,230.00
C000432849	6/13/2011	10,252.00
C000382557	8/4/2010	110.25
C000391058	9/8/2010	1,504.00
C000395183	10/12/2010	83.00
C000398417	11/12/2010	293.00
C000401462	12/17/2010	41.74
C000413070	2/4/2011	160.00
C000418180	3/10/2011	1,121.00
C000421833	4/1/2011	488.00
C000424209	4/15/2011	984.46
C000429750	5/23/2011	1,815.00
C000433002	6/15/2011	7,243.00

We found no exceptions as a result of this procedure.

6. We obtained and read copies of the game guarantee contracts. We recalculated the total amount of the contracts, and compared this amount with the amount recorded as Guarantee revenue on the Statement of Revenues and Expenditures. We also compared expenditures per the contracts to expenditures recorded in the program's accounts in the general ledger.

We found no exceptions as a result of this procedure.

7. We obtained a schedule of athletics department salaries from athletic management. We compared the amounts listed on the schedule to amounts recorded in the general ledger and on the Statement of Revenues and Expenditures. We calculated the related fringe expenditures using Coastal's fringe benefit rate and compared the amounts calculated with the reported expenditures in the appropriate general ledger accounts.

We found no exceptions as a result of this procedure.

8. We asked athletic management to describe specific elements of the University's internal control unique to the Intercollegiate Athletics Program's accounting system and financial reporting.

We found no exceptions as a result of this procedure.

9. We obtained from athletic management a listing of Athletics events for the year and from this list we selected a sample of events. For the events that have ticket sales, we compared the number of tickets sold per the general ledger with the amount of tickets sold per the ticket report. We recalculated the mathematical accuracy of the amount of ticket sales revenue by multiplying the number of tickets sold, per the ticket sales report, by the individual ticket price. We obtained and read the correspondence accompanying any concession revenue commission checks received. We compared the amount on the accompanying correspondence with the amount recorded in the general ledger. The events that were tested are as follows:

Event	Date
All Home Football Games (Including Any Tournaments)	9/18/2010-11/27/2010
All Home Men's Basketball Games (Including Any Tournaments)	11/12/2010-3/5/2011
All Home Women's Basket Games(Including Any Tournaments)	11/12/2010-2/28/2011
All Home Baseball Games (Including Any Tournaments)	2/18/2011-5/21/2011
Alan Leforce Women's Basketball Camp #2	6/21/2011-6/24/2011
Gary Gilmore Firecracker Baseball Tournament	6/23/2011-6/26/2011
Gar Gilmore Pro-Positional Baseball	6/22/2011
Horry County Schools (Socastee High School)	8/2/2010-10/8/2010

We noted no procedure for subsequent sale of unused complimentary/visiting team tickets when students/others did not show up for the games. Because there is no provision in the ticketing system that allows for the recording of the sale and collection of cash of unclaimed complimentary/visiting complimentary tickets the cashiers take the money received for the sale of those tickets and place it in the cash register. The excess money at the end of the game is assumed to be how many unused complimentary/visiting team ticket sales there were sold. There is no procedure in place to verify how much money is actually being taken in based on these particular tickets sold.

The basketball, football, and baseball game sales recorded by the ticketing software were \$5,778 less respectively than sales recorded on the University's general ledger.

University Response: The additional funds deposited in excess of the ticket software reports are considered to be reasonable amounts of revenue generated by sale of team complementary tickets and student section tickets not redeemed at basketball, football, and baseball games. Due to the nature of these ticket sales and staffing limitations, they are not currently captured by the ticketing software.

10. We selected a sample of recorded expenditures for contractual services, travel, uniforms, financial aid and equipment and supplies from the general ledger. We compared the classification of the selected expenditures in the statement to the classifications permitted by NCAA Guidelines as stated by the NCAA Audit Legislation. For the selected expenditures we obtained the related disbursement package to determine the items required by Coastal's procurement policy were included and that the expenditure had been authorized in accordance with the University's policy.

Excluding Student Aid:

Description	Voucher	Date	Amount
Bryan W. Brooks	V0449542	7/29/2010	735.00
Deborah R. Mattern	V0450421	8/16/2010	200.00
Marquel D. Willis	V0451035	8/25/2010	735.00
American Specialty Insurance & Risk	V0456422	9/8/2010	485.00
Xerox Corp	V0457990	9/21/2010	223.09
CCU TELEPHONE EQUIPMENT	V0458928	9/28/2010	15.00
Olsten	V0460147	10/11/2010	543.20
Deborah R. Mattern	V0461147	10/21/2010	200.00
Richard N. Stoneman	V0462172	11/3/2010	2,328.95
Enterprise Rent A Car	V0463402	11/17/2010	201.73
Abraham S. Smalls	V0463797	11/19/2010	735.00
Piedmont Coca-Cola Bot Partnership	V0464452	12/2/2010	539.20
Mr. Jeffrey R. Jacobs	V0465151	12/10/2010	564.00
Mihaela F. Bunea	V0466282	1/4/2011	260.00
Kristoffer Sandtroen	V0468412	1/21/2011	619.40
Jared B. Jenkins	V0472733	2/2/2011	99.95
Benjamin D. Erdman	V0474296	2/21/2011	735.00
SC Interactive, LLC	V0475512	3/8/2011	63.20
Danny Heidecker	V0477048	3/24/2011	141.25
Harold J. Martin	V0477834	4/4/2011	300.00
Aramark Services, Inc.	V0479088	4/19/2011	52.00
Mutual of Omaha	V0479801	4/26/2011	20,000.00
MISCV-Reimbursement of Airfare for recruit	V0481587	5/18/2011	269.40
Paul P. Hogan	V0483103	6/10/2011	50.35
Sherwin Williams Co	V0484961	6/30/2011	687.74

We found no exceptions as a result of this procedure.

Student Aid:

<u>Student</u>	<u>Sport</u>	<u>G/L Awarded Amount Traced to Student Account Detail</u>	<u>G/L Awarded Amount Traced to Approved Award Letter</u>
Timothy John Snyder	Cheerleading	Y	Y
Brennan Wade Tyler	Cheerleading	Y	Y
Zachary Frank Hayes	Non-Sport Specific	Y	Y
Jon David Pack	Men's Basketball	Y	Y
Joshua David Conway	Baseball	Y	Y
Tyler Austin Askew	Men's CC/Track	Y	Y
Mathew Adam Ashley	Football	Y	Y
Dexter Louis Holman	Football	Y	Y
Lafayette Djua Smith	Football	Y	Y
James Avery Murray	Football	Y	Y
Richard Dwa Cayonne	Men's Soccer	Y	Y
Courtney M. Grambley	Women's Basketball	Y	Y
Vondeeshi Humphries	Women's CC/Track	Y	Y
London Alece Smalls	Women's CC/Track	Y	Y
Jazmin Brook Daigle	Softball	Y	Y
Sara Carolyn Niles	Women's Soccer	Y	Y
Katherine Raae Wahl	Women's Soccer	Y	Y
Kindra Mone' Bailey	Women's Volleyball	Y	Y

We found no exceptions as a result of this procedure.

11. We obtained from accounting management a listing of all expenditures made directly by the respective outside organizations on behalf of the University's Intercollegiate Athletics Program or employees to determine if they were included as revenues and expenditures on the University's Intercollegiate Athletics Program's accounting records and the Program's statement of Revenues and Expenditures. We compared the amounts on this list with the amounts recorded on management's worksheets.

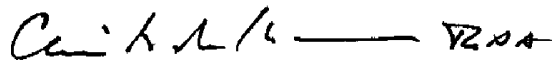
We found no exceptions as a result of this procedure.

12. We requested a listing of all marketing contracts made by Athletics for commercials, scoreboard ads, etc. We judgmentally selected a sample to trace contracted amounts to the general ledger.

We found no exceptions as a result of this procedure.

We were not engaged to, and did not conduct an audit the objective of which would be the expression of an opinion on compliance with NCAA Bylaw 6.2.3.1 or the expression of an opinion on The Statement of Revenues and Expenditures of the Intercollegiate Athletics Program of Coastal Carolina University for the year ended June 30, 2011 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and procedures one through twelve of this report. Therefore we express no opinion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees and management of Coastal Carolina University and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "C. H. L. / 16" followed by a horizontal line and the letters "R. S. A.".

January 4, 2012

COASTAL CAROLINA UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Statement of Revenues, Expenditures and Transfers
For the Year Ended June 30, 2011
(Unaudited)

	Football	Baseball	Men's Basketball	Women's Basketball	Men's Soccer	Women's Soccer	Other Sports	Non-Sport Specific	Total
Operating Revenues:									
Ticket Sales	\$ 245,773	\$ 57,550	\$ 32,022	\$ 14,185	\$ -	\$ -	\$ -	\$ -	\$ 349,530
Student Activity Fees	1,240,757	219,630	237,826	294,966	152,373	186,334	1,196,924	191,812	3,720,622
Guarantees	400,000	1,500	-	15,000	4,000	-	5,662	-	426,162
Chanticleer Athletic Foundation Contributions	242,544	60,439	26,889	13,001	2,172	11,430	80,368	111,487	548,330
Coastal Educational Foundation Contributions	-	7,623	933	-	-	-	33,054	-	41,610
Gifts	-	-	-	-	-	-	-	-	-
Inkind Gifts	-	-	-	-	-	-	281,080	-	281,080
Direct institutional support	1,671,112	950,726	908,962	612,649	380,170	416,304	2,431,041	1,673,159	9,106,693
Indirect Facilities and Administrative Support	609,449	236,494	273,104	144,051	59,818	53,898	436,588	978,787	2,792,189
NCAA Program for Academic Enhancement	-	-	-	-	-	-	-	130,962	68,393
NCAA Distributions	15,600	687	-	-	10,000	-	-	776,005	802,292
Big South Distributions	-	-	-	-	-	-	-	70,571	70,571
Program and Novelty Sales/Concessions	-	2,284	-	-	-	-	2,768	8,909	13,961
Sponsorships/Royalties/Commissions	15,515	695	695	695	695	755	15,037	565,319	599,406
Sport Camp Field Rentals	-	-	-	-	-	-	-	19,546	19,546
Tournament Revenue and Entry fees, Services	59,366	-	40,323	-	-	-	44,690	-	144,379
Total Revenues	\$ 4,500,116	\$ 1,537,628	\$ 1,520,754	\$ 1,094,547	\$ 609,228	\$ 668,721	\$ 4,527,212	\$ 4,526,557	\$ 18,984,764
Expenditures:									
Scholarships including Out of State Abatements	\$ 1,699,639	\$ 408,434	\$ 364,366	\$ 456,242	\$ 306,602	\$ 391,136	\$ 1,996,452	\$ 185,732	\$ 5,808,603
Guarantees	50,000	27,937	14,551	7,017	6,016	-	1,788	-	107,309
Coaching Salaries and Fringe Benefits	1,148,592	462,506	505,268	245,363	127,543	114,922	917,875	-	3,522,069
Severance Payments including Fringe Benefits	-	-	-	-	-	-	-	-	-
Administrative Salaries and Fringe Benefits	150,872	41,746	77,043	61,783	-	-	13,016	2,086,966	2,431,426
Recruiting	105,724	68,718	72,450	20,122	17,079	17,433	109,388	-	410,914
Team Travel	218,041	125,877	85,831	78,841	60,269	56,557	403,096	-	1,028,512
Equipment, Uniforms and Supplies	207,949	59,455	30,854	43,364	13,756	24,390	179,571	-	559,339
Game Expenses	113,966	64,039	44,841	30,792	6,685	5,666	77,508	-	343,497
Marketing and Promotions	-	-	-	-	-	-	-	158,500	158,500
Direct Facilities Maintenance and Rentals	36,343	16,935	4,645	6	633	572	310,498	40,125	409,757
Cheerleaders and Band	-	-	-	-	-	-	-	153,295	153,295
Indirect Facilities and Administrative Cost	609,449	236,494	273,104	144,051	59,818	53,898	436,588	978,787	2,792,189
Medical Expenses and Insurance	-	-	-	-	-	-	-	228,743	228,743
Memberships and Dues	4,813	450	1,525	1,394	525	450	5,278	25,929	40,364
Visiting Team / Tournament Expenses	52,964	1,862	17,446	-	-	-	1,919	-	74,191
Other Operating Expenses	101,765	23,175	28,830	5,572	10,302	3,697	74,235	754,018	1,001,594
Total Expenditures	\$ 4,500,117	\$ 1,537,628	\$ 1,520,754	\$ 1,094,547	\$ 609,228	\$ 668,721	\$ 4,527,212	\$ 4,612,095	\$ 19,070,302
Excess (Deficiency) of Operating Revenues Over (Under) Expenses	\$ (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (85,538)	\$ (85,538)

COASTAL CAROLINA UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Notes to the Statement of Revenues and Expenditures
June 30, 2011
(Unaudited)

NOTE 1-CONTRIBUTIONS

Contributions and gifts to Coastal Carolina University's Intercollegiate Athletics Program totaled \$871,020. This amount is reported in Attachment A at the following captions:

Chanticleer Athletic Foundation Contributions	\$ 548,330
Inkind Gifts	281,080
Gifts	0
Coastal Educational Foundation Contributions	41,610
	<u>\$ 871,020</u>

Individual contributions which exceeded 10 percent of the total contributions and the related donors included in the above amounts are as follows:

Chanticleer Athletic Foundation	\$ 548,330
TPC of Myrtle Beach in Murrells Inlet	205,288
	<u>\$ 753,618</u>

NOTE 2-INTERCOLLEGIATE ATHLETICS - RELATED ASSETS

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Coastal Carolina University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses or extend the useful life of an existing building costing in excess of \$100,000 are capitalized. Permanent Improvement projects and routine maintenance that do not fall within the defined parameters for capitalization will be expensed in the year they occur according to Generally Accepted Accounting Principles. (GAAP) Generally, if the work is of a replacement nature and does not materially lengthen the useful life of a structure, it will not be capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred. Total estimated book value of plant and equipment, net of depreciation, for Athletics is \$25,154,456 compared to the institution total of \$134,096,991.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The University has selected a useful life of 25 to 50 years for buildings, renovations and land improvements. The useful life for machinery, equipment and vehicles varies between 2 and 25 years depending on the asset. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

Major outlays for capital assets and improvements are capitalized as they are constructed. Interest cost incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed net of interest earned on the invested proceeds over the same period. During the year ended June 30, 2011, the University capitalized interest expense in the amount of \$1,851,394 associated with the Institutional Bonds issue in 2010. The Athletic percentage of this amount is \$364,313.

**COASTAL CAROLINA UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**
Notes to the Statement of Revenues and Expenditures
June 30, 2011
(Unaudited)

NOTE 2-INTERCOLLEGIATE ATHLETICS - RELATED ASSETS CONT'D

Changes to Athletic Facilities by Sport

	<u>Basketball</u>	<u>Baseball</u>	<u>Football</u>	<u>Other</u>	<u>Total</u>
Additions	6,532	1,353,057	618,637	-	1,978,226
Deletions	-	(18,587)	(24,411)	(56,686)	(99,684)
Total	6,532	1,334,470	594,226	(56,686)	1,878,542

Athletic Construction in Progress Detail

	<u>Beg Bal</u>	<u>Additions</u>	<u>Transfers</u>	<u>End Balance</u>
CCU Total Construction in Progress	5,900,550	20,745,722	-	26,646,272
Athletic Construction in Progress				
Student Rec Conv Center	75,887	6,062,358	-	6,138,245
Practice Hitting Facility	222,082	-	(222,082)	-
Training / Locker Room	-	396,039	-	396,039
Baseball/Softball Land Acq.	-	2,200	-	2,200
CIP Dedicated to Athletics	297,969	6,460,597	(222,082)	6,536,484

<u>Athletic Additions to Buildings:</u>	<u>Additions</u>	<u>Transfers</u>	<u>End Balance</u>
Practice Hitting Facility	949,566	222,082	1,171,648
			-

Athletic Building Renovations

Adkins Field House	618,637	-	618,637
Netting for Practice Facility	174,026	-	174,026

NOTE 3- INTERCOLLEGIATE ATHLETICS - RELATED DEBT

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Balance June 30, 2011</u>
State Institution Obligation Bonds Related to Athletics Facilities			
2003	3.25% to 4.625%	9/1/2022	
2006	4.25% to 6.00%	10/1/2026	
			\$ <u>7,882,771</u>

**COASTAL CAROLINA UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**
Notes to the Statement of Revenues and Expenditures
June 30, 2011
(Unaudited)

NOTE 3- INTERCOLLEGIATE ATHLETICS - RELATED DEBT CONT'D

Maturities of debt related to intercollegiate athletics at June 30, 2011 were as follows:

<u>Due in Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2012	353,466	327,852	681,318
2013	367,992	310,905	678,897
2014	382,518	294,176	676,694
2015	397,044	277,713	674,757
2016	413,991	261,493	675,483
2017-21	2,353,210	1,030,652	3,383,863
2022-26	2,941,513	466,921	3,408,434
2027	673,037	14,302	687,339
	<u>\$ 7,882,771</u>	<u>\$ 2,984,014</u>	<u>\$ 10,866,785</u>

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Athletically related debt service and total debt year ended June 30, 2011.

	<u>Athletically Related</u>	<u>University Total</u>
Total Annual Debt Service	\$ <u>683,461</u>	\$ <u>7,449,871</u>
Total Debt Outstanding:		
Institution Bonds	7,882,771	68,235,000
Revenue Bonds	-	20,200,000
	<u>\$ 7,882,771</u>	<u>\$ 88,435,000</u>